

Message Text

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DRAFTED BY XMB:AMOHANIAN/RLS

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EB/IFD/ODF:RASWART

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

INFO AMCONSUL SAO PAULO

AMCONSUL RIO DE JANEIRO

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E.O. 11652: NA

TAGS: APUB, BR

SUBJ: PRESS RELEASE ON EXIMBANK CREDIT TO BRAZIL

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF \$4,995,000 TO PIRELLI. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, TUESDAY, AUGUST 19.

QUOTE: EXIMBANK CREDIT OF \$4,995,000 SUPPORTS \$11.1 MILLION SALE OF U.S. EQUIPMENT FOR TIRE PLANTS FOR BRAZILIAN COMPANY

THE BOARD OF DIRECTOS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF \$4,995,000 TO HELP FINANCE A N

\$11.1 MILLION SALE OF U.S. GOODS AND SERVICES FOR TIRE PLANTS IN BRAZIL. EXIMBANK'S CHAIRMAN WILLIAM J. CASEY SAID, "THIS NEW FINANCING, THE FIFTH CREDIT WE HAVE EXTENDED TO PIRELLI, IS EXPECTED TO BRING PIRELLI'S TOTAL PURCHASES OF U.S. PRODUCTS OVER THE UNCLASSIFIED

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YEARS TO SOME \$47.3 MILLION."

THE CURRENT PROJECT FOR WHICH FINANCING IS BEING PROVIDED IS FOR ONE NEW INSTALLATION AND FOR THE EXPANSION OF TWO EXISTING PLANTS IN THE STATE OF RIO GRANDE DO SUL AND THE VICINITY OF SAO PAULO.

U.S. PURCHASES WILL INCLUDE BANBURY MIXERS, FABRIC TREATERS, DOUBLE MIXER, VULCANIZERS, TIRE BUILDING MACHINES, EXTRUDERS, POUNDERS AND PRESSES FROM VARIOUS SUPPLIERS.

THE EXIMBANK CREDIT OF \$4,995,000 REPRESENTS 45 PERCENT OF THE TOTAL U.S. SALES. ANOTHER 45PERCENT WILL BE FINANCED FROM PRIVATE U.S.

SOURCES NOT YET DESIGNATED AND PRIELLI WILL MAKE CASH PAYMENT OF THE 10 PERCENT REPRESENTING THE BALANCE OF THE U.S. COSTS.

INTEREST ON EXIMBANK'S LOAN WILL BE AT 8 PERCENT PER ANNUM. THIS RATE, WHEN COMBINED WITH THE ESTIMATED INTEREST RATE FROM PRIVATE SOURCES WHICH IS BASED ON CURRENT RATES, WILL RESULT IN A BLENDED ANNUAL INTEREST COST TO THE BORROWER OF 8.3 PERCENT TO 8.55 PERCENT.

THE LOANS ARE TO BE REPAID IN 16 SEMIANNUAL INSTALLMENTS BEGINNING FEBRUARY 10, 1978, WITH EXIMBANK'S LOAN BEING REPAID OUT OF THE LAST 8 INSTALLMENTS. UNQUOTE
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TAGS: APUB, BR
To: BRASILIA
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